# Auto Industry Neg

## 1NC

### Auto Industry Economy Turn – 1NC

#### Car sales are up now, which is driving the economy

The Detroit Bureau 5/14/2012 (“Auto Industry Driving the American Economy, Says GM CEO,” <http://www.thedetroitbureau.com/2012/05/auto-industry-driving-the-american-economy-says-gm-ceo/>)

The auto industry has given the U.S. economy a major lift in recent months, GM chairman and chief executive officer Dan Akerson told new graduates of the Columbia University’s business school.¶ That’s a big shift from just a few years ago, when it was one of the forces of economic decline. And Akerson’s speech clearly was aimed at convincing the best-and-brightest of the school’s students that they should be taking a closer look at Detroit as they begin their promising careers.¶ “The auto industry has gone from being an anchor on the economy to being the wind in its sails… in fact, we’re one of the few bright spots,” said Akerson, who joined GM after it emerged from its 2009 bankruptcy. “We’re adding jobs and investing in America, just as America invested in us.”¶ Since mid-2009, GM has announced investments of more than $7.1 billion in 30 U.S. facilities and created or retained nearly 18,000 American jobs, the executive noted¶ “No one, not even the most enthusiastic supporters, predicted this three years ago: The auto industry is adding jobs and driving the economy again,” Akerson said. “And that’s because two very different Administrations both had the wisdom to understand how important the auto industry is to our economy, and had the courage to act.¶ “Consider these facts, which apply to the auto industry as a whole here in America; 8 million total employees are involved; there are 3.1 million total jobs in this country dependent on automakers and another 3.3 million total jobs are dependent on suppliers to the auto industry and another 1.5 million total jobs are dependent on dealers.¶ Akerson said the auto industry now accounts for 1 in 17 private-sector jobs and those jobs create $500 billion total compensation annually. They generate $70 billion in personal tax revenues annually, which represent 3.0 to 3.5% of this country’s gross domestic product.¶ In addition, 47 different states have at least 10,000 auto-related jobs and in 20 states that jumps to 100,000 or more.¶ “Today, the industry is humming, producing outstanding vehicles in increasing numbers,” said Akerson, a former naval officer who spent most of his career in the telecomm industry.¶ The industry sold 12.5 million new vehicles in the U.S. in 2011, which is a 10% increase over 2010 sales, the executive noted. And sales are surging faster than most observers had expected, demand now likely to push into the low to mid-14 million range for all of 2012.

#### (Insert appropriate link.)

## Uniqueness

### Sales Up Now / Industry Strong

#### Sales are up this month – demand is key

Hirsch, writer for the Los Angeles Times, 7/28/2012

(“July auto sales look strong despite economic jitters,” http://seattletimes.nwsource.com/html/businesstechnology/2018791127\_autorebound29.html)

The economic news remains mixed but that hasn't slowed car buyers down this month.

With another weekend to go, **industry analysts say sales remain comparatively strong and it is consumers who are fueling the industry**. It's not the roaring market of a decade ago, but it is **healthy by post-recession standards**.

Market-research firm J.D. Power & Associates estimates that retail sales of new vehicles will reach about 969,200 this month. Although that's a slight dip from June, it's still an 18 percent gain from a year earlier.

"Retail sales got off to a fast start in July, and while they've slowed down a bit as the month has progressed, through the first 16 selling days, they're still up 15.1 percent, compared to July 2011," said John Humphrey, senior vice president of global automotive operations at J.D. Power.

"The positive growth has continued to build, as July is looking strong across most vehicle segments, as well as for many of the major manufacturers."

#### Auto industry high now due to increased sales

Associated Press 7/20/12 (“Survey: Auto industry will keep adding people,” <http://money.msn.com/business-news/article.aspx?feed=AP&date=20120720&id=15354988>)

DETROIT (AP) - Auto industry executives in the U.S. expect to hire more people and expand their factories in the coming year to handle rising sales, according to an annual survey of executives.¶ The executives are concerned about finding enough trained workers and they see economic challenges ahead, including slowing auto sales in Europe, according to the survey by accounting and advisory firm KPMG LLP.¶ The auto industry is going strong, even as the overall U.S. economy remains weak. Pent-up demand for cars and trucks is expected to carry the industry for several years, said Gary Silberg, automotive industry leader for KPMG, in a statement.¶ "As a result, auto companies and suppliers are ramping up their hiring and production activities, and investing heavily in new products and facility expansion," he said.¶ Auto and parts manufacturing employment bottomed out at 624,400 people in June of 2009 as the Great Recession officially came to an end, according to government statistics. Since then, the industry has added more than 150,000 jobs, reaching 774,600 last month as automakers and parts companies staffed up to tackle growing sales.¶ The average age of cars and trucks in the U.S. is approaching 11 years, a record for the industry, according to the Polk research firm. Fearing that their jobs weren't secure, many people kept their older cars longer because they didn't want to take on more debt.¶ But this year, people have been heading to dealerships to replace their old clunkers. Through the first six months of the year, U.S. auto sales are running at an annual rate of 14.3 million, far above last year's 12.8 million, although short of the 2005's 17 million. Many analysts expect pent-up demand to push sales over 15 million next year and beyond.

#### Slow but steady comeback

Snavely, business writer for the Detroit Free Press, 7/28/2012

(Brent, “July auto sales remain strong, but for how long?” http://www.freep.com/article/20120728/BUSINESS01/307280021/July-auto-sales-remain-strong-but-for-how-long-?odyssey=mod%7Cnewswell%7Ctext%7CFRONTPAGE%7Cp)

For now, the industry is still enjoying a slow, but steady sales rebound because people who held onto cars during the recession are finally springing for new models. Buying a car also has become easier because banks that froze lending in 2008 and 2009 are increasingly willing to make loans to people with slightly riskier credit records.

#### Sales are on the rise now despite bad economic times

Paul Eisenstein, msnbc.com contributor, 7/3/12 (“Auto industry the silver lining in gloomy economy,” 7/3, <http://bottomline.nbcnews.com/_news/2012/07/03/12547554-auto-industry-the-silver-lining-in-gloomy-economy?lite>)

There may be plenty of reasons to worry about the U.S. economy: Weak jobs numbers, poor housing starts and a European economic crisis that threatens to spill across the Atlantic. But based on June sales numbers, the American auto industry is not one of them.¶ Car sales outpaced even the more optimistic forecasts, with several manufacturers setting all-time records. A number of others, notably General Motors, saw demand surge to levels not seen since before the start of the lingering U.S. recession.¶ Significantly, while the industry was clearly pushing hard to sell, sell, sell, industry data suggest automakers didn’t fall into the past trap of buying sales with hefty rebates and other incentives.¶ “The combination of new products, available credit, lower fuel prices and modest economic growth was a stronger influence on consumer behavior than economic and political uncertainty,” said Kurt McNeil, General Motors’ vice president of U.S. sales.

#### Auto Industry up but fragile – demand in North America is key

**Gardner**, Staffwriter for Detroit Free Press, **7/20/**2012 (Greg, “US Auto Industry Regains Confidence Survey shows”, Detroit Free Press, <http://www.freep.com/article/20120720/BUSINESS01/207200354/U-S-auto-industry-regains-confidence-survey-shows>

Despite growing losses in Europe and slowing growth in the U.S., **nearly three-quarters of American auto executives plan to hire over the next 12 months, and 83% expect their firm's revenue to be higher a year from now,** according to an annual survey by the audit, tax and consulting firm of KPMG.¶ "**The survey results clearly demonstrate a U.S. automotive industry that is regaining confidence**," said Gary Silberg, leader of KPMG's U.S. automotive practice.¶ **The survey reflects responses that 100 senior executives from automakers and suppliers gave in late May.**¶ Silberg said **the optimism in the U.S. is a reflection of the painful decisions** made by General Motors, Chrysler, Ford and the U.S. Treasury during the dark days of 2009.¶ "It was gut-wrenching," Silberg said. "But they had to restructure. As a result, the overall break-even level fell to about 10 million vehicles a year, and the market is now running at an annual [selling](http://www.freep.com/article/20120720/BUSINESS01/207200354/U-S-auto-industry-regains-confidence-survey-shows) rate of 14 million. That means the profits are quite strong."¶ In a major change from previous years' results, North America was cited as the primary [growth market](http://www.freep.com/article/20120720/BUSINESS01/207200354/U-S-auto-industry-regains-confidence-survey-shows) by the largest majority (63%) of respondents, compared with 44% who see more growth from China.¶ Still, the pace of the recovery is slow. More than 4 out of 5 (82%) said the U.S. economy will remain flat or show only moderate growth in the next year, while 60% said a full economic recovery won't happen before 2014.

#### Auto industry is trekking on – increased sales

Phillip Shan, LA Business News Examiner, 7/6/12 (“Auto sales speed up despite slower economy,” <http://www.examiner.com/article/auto-sales-speed-up-despite-slower-economy>)

Automakers have increased their sales by 22% in June, exceeding analysts’ expectations. With 1.3 million cars sold, the auto industry has been usurping the woes of a slow-growth economy.¶ People need new cars, but when APR financing is 0.9% to 1.9%, a lot more people want new cars too. Although most people can’t afford new homes or even refinance their existing mortgage at a lower rate, those same people may qualify for an inexpensive car loan. Since cars are the second largest purchase a homeowner makes, naturally, they buy new cars. The L.A. Times reports, “Although consumer sentiment and spending have slid in recent months, auto buyers have trekked to dealerships, enticed by lower interest rates, easier-to-get loans and the need to replace aging vehicles.”

#### Auto Industry strong but setbacks are still possible

**Burroughs**, Staffwriter, 7/23/**2012 (**Jason, Property Mentor Group, “Latest Survey Shows US Auto Companies are Regaining Confidence” <http://www.propertymentorgroup.com/latest-survey-shows-u-s-auto-companies-are-regaining-confidence-f-gm-tsla/12588/>)

**Executives in the U.S. auto industry, which is fortified with rising sales and strong financial position, predict to add workers and expand plants in the coming year**, according to a latest survey released by KPMG LLP, the audit, tax, and advisory firm. **Despite their optimism in general, executives mention some major setbacks ahead**, including continuing pricing pressures, an increasing gap in qualified labor, and the current European revenue setback.¶ The survey results reveal that **U.S. auto companies are regaining confidence**, according to Gary Silberg, who is a national automotive industry leader for KPMG LLP**. Although the overall economic revival appears weak, that is not the case in the automotive industry,** Gary noted.¶ Ford Motor Company (NYSE:F)¶ Ford Motor, a producer of cars and trucks, recently announced the Ford C-MAX Energi Plug-In Hybrid, expected to Deliver 550-Mile Range and Nearly Double Electric-Only Range of Toyota Prius.¶ ¶ ¶ The all-new C-MAX Energi utility, Ford’s first-ever plug-in hybrid, is the only vehicle that enables customers to drive from Sacramento to San Diego on a tank of gas and make the average travel on electricity alone. Ford C-MAX Energi plug-in hybrid is expected to travel 550 miles of total range.¶ Ford Motor will develop their plants and employ more people to meet the increasing consumer demand for replacement of aging vehicles and trucks.¶ In last trading session of Ford Motor Company (NYSE:F), it declined -1.50% closed at $9.21 and its total volume during the last trading session was 27.97 million shares.

### **AT: No Car Sales without Stimulus**

#### Their turn is non-unique: Car sales are up now despite a weak demand-side economy

**Buch**, Staffwriter for Global Finance Market, **7/5**/12 (Makesh, “Industry Estimates Revised after June Auto Sales”, Global Finance Market, <http://www.123jump.com/market-analysis/Industry-Estimates-Revised-After-June-Auto-Sales/49298/>)

11:05 AM New York – **Auto industry sales extended gains in June and finished the best six months since 2008. The pent up demand drove the monthly sales and automakers lifted annual sales estimates for the year.** Auto sales in May surged 25.7% and annual rate declined to 13.8 million vehicles after surging above 14 million rate in the previous two months. The **strong monthly sales extended the yearlong turnaround in the industry as consumers replace ageing vehicles. Auto sales in June surged 22.1% to 1.28 million vehicles** from a year ago month as consumers continued to replace ageing vehicles and took advantage of incentives and low rates. **The sales were ahead** despite the weak employment market and waning consumer confidence and the industry completed its best six months of selling since 2008. Auto **sales in the month were also higher** after Japanese makers resumed normal production at its Japanese and Asian plants after a year of weather related disruptions in supply chain. Passenger cars sales in the month soared 25% to 659,375 and light truck sales in the month surged 19.1% to 626,180 units. For the year to June, light truck sales increased 11.2% to 3.45 million and passenger cars sales increased 18.3% to 3.82 from a year ago period. Seasonally adjusted annual sales rate in June increased to 14.08 million from 13.78 million in May and from 11.56 million in the month a year ago. For the year so far, total light vehicle sales increased 14.8% to 7.27 million from 6.33 million in the period a year ago, passenger car sales increased 18.3% to 3.82 million from 3.23 million and light truck sales increased 11.2% to 3.45 million from 3.10 million. The monthly data are released by the industry research organization Autodata Corp based in Woodcliff Lake, New Jersey. For the year so far, General Motors sales rose 4.3%, Ford Motor sales increased 6.6% and Chrysler sales soared 30.3%. For the month Chrysler led the sale domestic maker sales with a rise of 20.3%, Mercedes Benz sales increased 10.9% and Volkswagen sales jumped 32.1%. Toyota sales soared 60.3% and Honda sales surged 48.8%

## Links

### National Infrastructure Bank / Non-Highway Investment

#### The plan trades off with cars

**Johnson**, Correspondent for National Journal, February 22, **2011** (Fawn, National Journal “Transforming the Highway Trust fund” <http://transportation.nationaljournal.com/2011/02/transforming-the-highway-trust.php>)

**A single paragraph in the Transportation Department's fiscal 2012 budget could fundamentally alter the funding mechanism for highways and other transit**. **The administration is calling for replacing the current highway trust fund with a "transportation trust fund" that will have separate accounts for highways, transit, high-speed rail, and a national infrastructure bank.** In the near term, **this means that highways would see only a slightly smaller share of the overall national transportation funds that also go to intercity transit and passenger rail. But over a longer period of time, the move away from a dedicated highway trust fund signals the administration's desire to** wean the country away from the automobile**.¶** Transportation Secretary Ray LaHood says **the idea is to streamline disparate pots of money into a larger pool that will make the agency more nimble in funding good projects. The department also has proposed consolidating 55 separate highway programs into five to give states and communities the opportunity to build on the projects they identify as priorities**.¶ Is this a good idea? Does it make sense to think of the various components of transportation as a whole entity rather than parcel them into distinct areas? Are there dangers to what the administration is proposing? Would a streamlined government make it easier or harder for states and cities to navigate the funding process?

### High Speed Rail

#### The plan crushes the auto industry

**Freemark**, Writer for the Transport Politic, June 6 **2009 (**Yonah, The Transport Politic, “Can High-Speed Rail Save American Maufacturing?” <http://www.thetransportpolitic.com/2009/06/06/can-high-speed-rail-save-american-manufacturing/>)

With the American automobile industry in free-fall, some in Michigan are hoping that a more potent train industry could provide relief. **President Obama’s commitment of $13 billion for high-speed rail is seen as the first step towards reviving U.S. manufacturing. But those ambitions are overstated, and unless GM or Ford make quick changes in their operations or acquire a train maker, Michigan seems unlikely to benefit.¶** Last week at a town hall in Michigan, Secretary of Commerce Gary Locke [told a reporter](http://www.huffingtonpost.com/susan-j-demas/commerce-secretary-locke_b_211656.html) from the Huffington Post “As you see more construction of rail cars, high-speed cars, it’s going to require new engineering, new products and services and that’s the natural fit and extension for automotive dealers and suppliers and manufacturers.” Governor of Michigan Jennifer Granholm, in Washington, agreed, saying “We have lots of capacity in Michigan and workers who know how to make things.”¶ As I’ve [made the case](http://www.infrastructurist.com/2009/05/19/a-vibrant-us-train-industry-would-employ-more-people-than-car-makers-do-now/) before on The Infrastructurist, **even a sudden increase in train orders from American rail services** (even with a required [Buy America](http://en.wikipedia.org/wiki/Buy_American_Act) pledge) **would never employ nearly as many people as does the existing auto industry.** The simple fact is that **fewer people are needed to build trains because you don’t need nearly as many of them in a train-using society as you need cars in an automobile-dependent one**; the three top existing train manufacturers today — Siemens, Bombardier, and Alstom — collectively employ fewer than 100,000 people in their transport divisions. One of the reasons mass transit is efficient is because vehicles can be shared by thousands of individuals, rather than being monopolized by one person or family.¶ That said, a vibrant train industry would create hundreds of thousands of service jobs, but only in places where rail travel is encouraged. France’s SNCF has more than 100,000 employees, for instance. A huge train network with hundreds of thousands of daily passengers in the United States would induce the similar creation of hundreds of thousands of jobs. Yet California, with $10 billion already committed to rail services, is far more likely to get those jobs than Michigan, which has few state funds dedicated to fast rail.¶ The Wolverine State shouldn’t rest its hopes on the potential of the train industry. **Auto plants** — whatever Ms. Granholm thinks — **cannot simply be converted to train manufacturing; they’d have to be completely rebuilt and retooled. The American car industry has no affiliation at all with train manufacturing and wouldn’t know where to start, because it has no existing research done on the subject; it would take decades before Ford or GM could compete with Siemens or Alstom on the production of high-speed trains.** And while many Michiganders may “know how to make things,” so do many people in Iowa or Arizona. Why would train companies choose to build their product there? For new plants, foreign auto manufacturers have shown their preference in the past for [Alabama](http://www.mbusi.com/), [South Carolina](http://www.bmwusfactory.com/), [Tennessee](http://www.nissanusa.com/about/corporate-info/community-relations.html), [Indiana](http://www.toyota.com/about/our_business/operations/manufacturing/), and [Ohio](http://en.wikipedia.org/wiki/List_of_Honda_assembly_plants), not Michigan.¶ The state has a long way to go before it’s healthy again, and the train industry is unlikely to be its savior.

#### Millions of people will choose the railroad

Cox, Reporter for the Bakersfield Californian, September 12, 2011 – (John, California Watch, “High-speed rail panel cites improvements in ridership model” \*Citing models from the California High- http://californiawatch.org/dailyreport/high-speed-rail-panel-cites-improvements-ridership-model-12562Speed Rail Authority)

Numbers generated by the rail authority's revised model for estimating ridership were listed in the recently released draft environmental review of the project's first segment, expected to begin construction late next year between Merced and Bakersfield.¶ Among the report's findings: Assuming bullet train tickets are priced at 83 percent of air fare levels, **more than 13 million passengers can be expected to ride the system in 2020**, its first year of operation between Anaheim and San Francisco. **That figure is expected to top 69 million in 2035**, when the system is to have expanded to San Diego and Sacramento; **If tickets are priced at 50 percent of air fare levels, nearly 19 million passengers are projected to ride on the system in 2020.** At that price level, **annual ridership is expected to grow to more than 98 million once the full system is operating in 2035;**Actual ridership will depend on many uncertain factors, such as the price of gasoline.¶ The ridership model developed by Massachusetts-based Cambridge Systematics Inc. may be used to forecast ticket pricing options, train schedules, operation capacity scenarios, competition from airlines and impacts from population growth, rail authority spokeswoman Rachel Wall noted in an email.

### Bicycle Infrastructure

#### Bike infrastructure trades off with cars – Europe proves

Folbre, economics professor at UM-Amherst, 7/4/2011

(Nancy, “The Bicycle Dividend,” http://economix.blogs.nytimes.com/2011/07/04/the-bicycle-dividend/)

More Americans are biking or walking to work these days, **in part because public-sector investment is improving the infrastructure they need to get there safely**. Further public investments in bike paths and bike lanes are likely to offer a big social payoff. Federal spending on bicycle and pedestrian infrastructure has more than doubled since 2006 but amounted to less than $4 a person in 2010. This chart, a snippet of a larger infographic by Kory Northrop, a graduate student at the University of Oregon, that illustrates differences across states and highlights the top 10 major American cities for bike commuting, draws on data from the American Community Survey for 2009. Portland, Ore., tops the list, with 5.8 percent of workers riding to their jobs on a regular basis. Snowy Minneapolis comes in second, at 3.9 percent, and Seattle third, at 3 percent. San Francisco, despite its hills, is nearly tied with Seattle. Smaller cities are not included in this ranking, but some, like Boulder, Colo., and Eugene, Ore., have higher bike-commuting rates than Portland. At last count, New York City was still below 1 percent, but that may be changing, with the recent large expansion of bike paths there. According to Bicycling magazine, all the above-mentioned cities rank among the top 10 in terms of bike infrastructure. Some people regard bike paths as invasions of sacred car space. In March, John Cassidy of The New Yorker ranted online against their expansion in Manhattan. He was immediately reproved by scores of his readers, as well as by a commentary in The Economist, “The World Is His Parking Spot,” that applied basic social cost-benefit analysis. Here is the economic logic behind increased efforts to promote bicycle use: Cars enjoy huge direct subsidies in the form of road construction and public parking spaces, as well as indirect subsidies to the oil industry that provides their fuel. These subsidies far exceed the tax revenue generated by car use (as this excellent discussion of the technical issues at stake in these calculations makes clear.) Yet cars impose major social costs: their use contributes to global warming, traffic congestion, accident fatalities and sedentary lifestyles. Bicycle use is good for both people and the planet. In a country afflicted by obesity and inactivity, people who get moving become healthier. Riding a bike to work or to do errands is far cheaper than joining a gym. Cutting back on gas consumption improves air quality, reduces dependence on imported oil and saves money. Increased bicycle use is practical and feasible, especially if it can be combined with effective public transportation for long-distance needs. As John Pucher of Rutgers University (dubbed Professor Bicycle by some of his fans) explains, about 40 percent of all automobile trips in metropolitan areas are less than two miles – a distance easily biked. International comparisons in use rates, as well as differences among cities in the United States, demonstrate the impact of public policy. Professor Pucher points out that the bike share of local trips ranges from 1 percent in the United States to 18 percent in Denmark to 27 percent in the Netherlands. As a recent New York Times article explains, many European cities **explicitly aim to discourage automobile use**. Good public transportation systems help people get into downtown areas that would be less congested and thus more inviting. Bike-sharing programs are expanding in cities all over the world, including Latin America.

### Mass Transit

#### Mass transit investments trade off with cars

US Department of Transportation 2/27/2012

(http://fastlane.dot.gov/2012/02/dallas-light-rail-the-tip-of-the-transit-iceberg.html#.UBTWujFWrew)

Whether it's reducing highway traffic by **taking cars off the road**, slowing the effect of carbon emissions, or spurring economic development along bus, subway, streetcar, and light rail routes, public transit helps move America. In Dallas, for example, the Dallas Area Rapid Transit Green Line corridor is expected to spur some 48,000 long-term jobs in health care, restaurants, and other job creating industries along its route. And last week, Federal Transit Administrator Peter Rogoff toured the completed 28-mile Green Line light rail expansion to see firsthand the billions of dollars of transformational economic development **resulting from the federal government’s investments** in the region.

## Impact

### Cars Key to Economy

#### The auto industry is good for the economy –

#### Outweighs demand side stimulus

Mike Nixon, writer for the Tri-Parish Times, 7/11/12 (cites studies from Auto Nation and Center of Automotive Research and quotes Kim Hill, CAR Sustainability and Economic Development Strategies Director, “Auto sales keep economy rolling,” <http://www.tri-parishtimes.com/business/local/article_f6019a64-cb82-11e1-b98d-0019bb2963f4.html>)

Even with consumer confidence down 6.8 percent in June, the auto industry has held its own and appears to have been the driving force for national economic movement during the past 12 months.¶ According to a survey released Thursday by Auto Nation Inc., June saw overall retail auto sales surpass levels from the same month in 2011 by 38 percent.¶ Domestic car and truck sales increased 25 percent from the previous year, representing 4,217 vehicles purchased last month. Import sales shot up 56 percent for the year with 11,579 cars and trucks sold in June.¶ Reduced gasoline prices, along with attractive purchase incentives are credited as contributing factors to increase auto sales in 2012. Prices being reduced by an average of $500 per vehicle did not hurt either. With these factors, analysts contend that auto sales are on track to post their best year since 2007.¶ June’s year-to-date sales figures showing 14.1 million deliveries surpassed annual Auto Nation estimates of 13.9 million units sold through June.¶ When the economy took a downward turn in 2007, auto industry sales were listed at 16.1 million units. Consumers applied the brakes in 2008 and auto sales plunged to 13.2 million units, before they sank to a 27-year low of 10.4 million vehicles sold in 2009.¶ Of the major automakers reporting annual gains from June 2011 to June 2012, Toyota Motor Corp. posted a 60 percent increase, and led auto sales for the year with 177,795 units sold. The third largest automaker posted this improvement based primarily on U.S. sales following a year when Japan was beaten down by hurricanes and tsunamis.¶ Honda posted a 49 percent jump in sales for the year. Nissan was up 28 percent and the Infinity lead brand names with a 66 percent sales increase from June to June.¶ General Motors sales jumped 16 percent for the one year period. Chrysler sales went up 20 percent, and Ford pushed its way up 7 percent.¶ “We’re doing pretty good,” Dick Barker Lincoln Mazda President Sam deGeneres said. “It’s been sporadic based on availability, but mostly sales have been up. We are finally getting inventory that we have been lacking both in Lincoln and Mazda. So, things are on an upswing.”¶ The automotive industry accounts for 13 percent of all state government tax revenues and has played a significant role in bolstering the domestic economy, according to a study conducted by the Center of Automotive Research.¶ “This analysis furthers our understanding of how the automotive sector has a substantial impact on the U.S. economy by contributing to the fiscal stability of state and federal governments,” CAR Sustainability and Economic Development Strategies Director Kim Hill said. “As economic conditions continue to improve, auto companies could see an increase in sales and employment that would generate additional state and federal tax revenues.”

#### Key to all manufacturing, which is the backbone of the American economy

**Center for Automotive Research**, April **2010** (Ann Arbor Michigan, “Contribution of the Automotive Industry to the Economics of all Fifty States and The United States”, CAR Center for Automotive Research, <http://www.oesa.org/Doc-Vault/Industry-Information-Analysis/CAR-Economic-Significance-Report.pdf>)

When people think of the automobile industry, they generally picture a very large assembly plant ¶ staffed with thousands of people and equipped with conveyor belts and robots as far as the eye ¶ can see. What these observers probably do not see are the many supplier companies that ¶ design and manufacture the parts needed for the final assembly to occur. In the past, partsmaking operations were an integral function of the large motor vehicle assembly companies, but ¶ as the industrial structure of the automotive industry evolved and the number of parts required ¶ to fully assemble a vehicle grew, so too did the technical depth and geographic location of parts ¶ manufacturers. A primary objective of this report is to illustrate just how important the diversity ¶ and quality embodied in the parts sector is to the automotive sector value-chain**.¶ The automotive industry is a very important industry in the U.S. economy; no other single ¶ industry links as closely to the U.S. manufacturing sector or directly generates as much retail ¶ business and overall employment. Manufacturing has been the backbone of the American ¶ economy, and the automotive industry is its heart**. A look at the entire production and supply¶ chain provides a rich narrative of how **a strong automotive industry** **historically supports the ¶ growth and stability of many other industries, such as basic materials suppliers of steel, plastic, ¶ rubber and glass, which are used for making bodies, interiors and trim, tires, gaskets and ¶ windows**

#### New market openings

Sohail P. Ahmed, Vice Chairman of Thai Limited, 7/4/12 (Thai Limited is a leading conglomerate engaged in the manufacture of Engineering, Building and Packaging products, http://www.brecorder.com/articles-a-letters/187/1208801/)

The importance of the automotive industry in any economy is perhaps beyond measure. But its significance can be estimated by the fact that engineering forms about 62 percent of the world trade, and auto engineering is about 13 percent of that. This is higher than textile and clothing that forms 6.2 percent of world trade. ¶ The automotive industry has opened wider market areas for business and commerce and also reduced the overall cost of transportation by using methods such as mass production, mass marketing, and the globalisation of production that encompasses the assembling of products with parts made world-wide. ¶ As a result of easier and faster transportation, economies have become dependent on the mobility that automobiles, trucks, and buses provide. This mobility allowed remote populations to interact with one another, which increased commerce. The transportation of goods to consumers and consumers to goods has become an industry in itself.

#### Personal mobility and industry support

Sohail P. Ahmed, Vice Chairman of Thai Limited, 7/4/12 (Thai Limited is a leading conglomerate engaged in the manufacture of Engineering, Building and Packaging products, http://www.brecorder.com/articles-a-letters/187/1208801/)

Personal mobility gives power; both visual and virtual. Thus it is greatly desired by everyone. It is part of personal freedom. It creates personal space and has dynamics of its own. People cherish it and thus defend it. The vehicle a person drives is a reflection of the person and is like a fashion statement of the individual. It becomes a part of his personality. This is an excellent driver for the industry to grow. ¶ All governments are well aware of the well-documented non-linear relationship between economic growth and personal mobility. As the per capita income rises, so does per capita car ownership- not in a straight line, but in a classic "S- Curve". ¶ Rates of vehicle ownership stay low during the initial phases of economic growth, but as the level of sustained broad prosperity takes shape and urbanisation patterns change, vehicle sales take off. Eventually, the growth rate levels off but at a much higher level of per capita than before. ¶ The automotive industry has great linkages both forward and backwards and is thus a good promoter of various economic activities. Numerous industries support it as insurance, security, petroleum, roadway design, construction, testing centers, workshop, etc. Still some other industries as motels, drive-in theatres, fast food restaurants owe their existence to the mobility provided by the automotive sector. ¶ Because of the industry's vast linkages and the enormous effect on large and varied technologies Peter Drucker, the management guru, called Automotive Industry "Industry of Industries". Malaysia recognising its significance to the economy and included it in their development plan under "Manufacturing Plus Plus".

#### Tech spinoffs

Sohail P. Ahmed, Vice Chairman of Thai Limited, 7/4/12 (Thai Limited is a leading conglomerate engaged in the manufacture of Engineering, Building and Packaging products, http://www.brecorder.com/articles-a-letters/187/1208801/)

It has given birth to many, many technologies and processes which have found application in many engineering fields from avionics to kitchen equipment. ¶ The regularity of model changes have not only brought forth changes in shape but also changes in technology with the objective of making the vehicle more efficient, greener and more economical. On an average automotive companies spend 3% of their sales revenue in R&D, thus new technological ideas spew forth all the time.

#### Employment

Sohail P. Ahmed, Vice Chairman of Thai Limited, 7/4/12 (Thai Limited is a leading conglomerate engaged in the manufacture of Engineering, Building and Packaging products, http://www.brecorder.com/articles-a-letters/187/1208801/)

The auto industry is ranked amongst the largest employers in the world generating jobs for millions of people and providing the basis for a multitude of related service and support industries. ¶ In India, SIAM claims, about 1% of their population is employed in the automotive and allied sector. In Malaysia every 4th employed person works in this industry and in Germany every 7th employed person is associated with Automotive and Allied Industry. As is obvious the industry has a great multiplier effect on employment because of the multifaceted sections required to support it and ratio of 1:12 is considered the norm.

### Extension: Key to Manufacturing

#### The plan kills American manufacturing

**Center for Automotive Research**, April **2010** (Ann Arbor Michigan, “Contribution of the Automotive Industry to the Economics of all Fifty States and The United States”, CAR Center for Automotive Research, <http://www.oesa.org/Doc-Vault/Industry-Information-Analysis/CAR-Economic-Significance-Report.pdf>)

**The United States automotive industry is a critical component of economic growth with ¶ extensive interconnections across the industrial and cultural fabric of the U.S**. This report ¶ outlines many known elements and highlights tremendously important associations beyond the ¶ market space of manufacturing. It touches on the following elements as they relate to the ¶ automotive industry: national and regional employment; research, development and innovation;¶ state and local government revenues; foreign direct investment; education; health care; U.S. ¶ trade; and quality of life.¶ The paper is organized into two sections: Section I provides qualitative context and current ¶ market metrics for the automotive industry, both of which are needed to truly appreciate the ¶ contributions of the industry to the broader economy and gauge where the sector may be ¶ heading; Section II features an in-depth quantitative analysis of employment and personal ¶ income associated with the automotive sector. Section II is subdivided into four primary ¶ sections to capture the distinct contributions of suppliers, assemblers, and dealers to the ¶ national economy with a final summary section that describes the state-level employment ¶ associated with the automotive industry.¶ The auto industry is one of the most important industries in the United States. **It** historically **has ¶ contributed 3 – 3.5 percent to the** overall Gross Domestic Product **(GDP).** The industry directly ¶ **employs over 1.7 million people engaged in designing, engineering, manufacturing, and ¶ supplying parts and components to assemble, sell and service new motor vehicles.** In addition, ¶ **the industry is a huge consumer of goods and services from many other sectors, including raw ¶ materials, construction, machinery, legal, computers and semi-conductors, financial, advertising, ¶ and healthcare. The auto industry spends $16 to $18 billion every year on research and ¶ product development – 99 percent of which is funded by the industry itself. Due to the industry’s ¶ consumption of products from many other manufacturing sectors, it is a major driver of the ¶ 11.5% manufacturing contribution to GDP. Without the auto sector, it is difficult to imagine ¶ manufacturing surviving in this country.**

### Cars Turn Oil Dependence / Climate Change

#### Oil dependence is fueling a move towards green cars – global transition

Paul Rogers 2/8/12 (Interview of Mary Nichols, Chairman of the California Air Resources Board, “California’s ‘Clean Car’ Rules, Help Remake U.S. Auto Industry,” environment360, <http://e360.yale.edu/feature/californias_clean_car_rules_help_remake_us_auto_industry/2492/>)

California has been working on these rules for decades. Really, this is just the latest version of a program that has been in effect since the 1960s, which began because we were the first place to discover smog and to begin to take action to deal with the problem of pollution caused by motor vehicles. But this most recent round of standards is one that reflects a real change in viewpoint about what the future of our transportation system is going to look like. Basically we have concluded that when you look at the rates of growth in travel and the even greater problems of energy use, dependence on imported petroleum, as well as global warming and our contribution to it, we’re going to need a fleet of vehicles that is not primarily running on conventional fuels. And so we’re looking for ways to help speed up the transition to a fleet of vehicles that are extremely clean and efficient. And we’re setting standards for their design that help use the power of the California marketplace to do that.¶ e360: And what impact do you think these rules will have on the entire auto industry in the United States?¶ Nichols: Well, California buys about 10 percent of all the new cars that are sold every year. But we have even more influence than that over the design of future vehicles because every car manufacturer from the largest to the most innovative start-ups uses us as a design laboratory because they know that Californians know cars and they really like them. The term “love affair with the car” might be an exaggeration, but not too much.¶ e360: So you see these rules as changing the way all Americans drive, not just Californians?¶ Nichols: Yes, clearly cars that are manufactured for the California marketplace also get sold outside of California. But we also have 13 states that followed California’s lead automatically. They’ve signed up for the California car program. Those states include all the states in the Northeast plus Oregon and New Mexico. They are going to be requiring that all the cars sold in their states meet California’s standards.¶ e360: The standards that the air board passed are pretty far reaching. They require 15 percent of all new vehicles by 2025 to have zero emissions, which as a practical matter means all electrical, hydrogen fuel cell, or plug-in electric. Why do you think the auto industry generally supported them, when in the past it has filed lawsuits to block laws California has previously passed?¶ Nichols: I think that the auto manufacturers have finally — maybe a bit belatedly — come to the conclusion that their future lies in very efficient, very clean vehicles. If they are going to be able to continue to provide cars for places where the demand is really growing, like Asia and other developing parts of the world, they’re going to have to compete in an arena where gasoline is extremely expensive and, in some cases, almost impossible to obtain. They’ve also got to recognize that gasoline prices are going up and that there is a need for extremely clean fuels that can meet other demands, as well, in some of the most polluted areas on the planet, including India and China.

#### Demand is key to the transition

Paul Rogers 2/8/12 (, Interview of Mary Nichols, Chairman of the California Air Resources Board, “California’s ‘Clean Car’ Rules, Help Remake U.S. Auto Industry,” Feb 8, environment360, <http://e360.yale.edu/feature/californias_clean_car_rules_help_remake_us_auto_industry/2492/>)

Alternative fuel vehicles are going to be hot sellers as soon as there are enough cars available and the fuel suppliers come along and fill the demand for whatever the future fuel is going to be. The demand in the parts of the world where people are becoming more prosperous is almost insatiable for vehicles. The first thing that people buy when they get to the point where they have a little disposable income — people want mobility. First, electric bicycles, then motorcycles, then a car — that seems to be an almost iron rule at this point. The car companies are going to have to have cars that meet that customer demand.¶ e360: In terms of the American consumer, what would you say to critics who say that government can force suppliers to make a certain amount of vehicles, like electric vehicles, but it can’t force the public to buy them? That they might all be left sitting on lots.¶ Nichols: Well, we agree that there’s more to be done than simply to mandate the vehicles. We view our mandate program as giving a floor so that the manufacturers know that this is the minimum that we are going to be asking of them. But we are predicting that these cars are going to do much better than the minimum. The only way we are going to achieve that is through government taking responsibility that the changeover to new kinds of fuels is as simple as possible for the consumer — that is, making sure that there is easy access to electric charging or other ultra clean fuels. We are also prepared — as we already are doing — to provide direct incentives toward the initial cost of some of these vehicles. We know that until we’ve gotten the demand up and the volumes of production in place, that the initial cost of the new vehicles is going to be a deterrent to some. We want to be sure these cars are widely available, that people see them in the showrooms, and that they want to buy them.

#### Transition now – government standards and subsidies

Seth Fletcher, senior editor at Popular Science, 3/16/12 (,and the author of *Bottled Lightning: Superbatteries, Electric Cars, and the New Lithium Economy,* “The Electric-Car Movement Enters A Quiet, Crucial Phase,” 3/16, PopSci, <http://www.popsci.com/cars/article/2012-03/electric-car-movement-enters-quiet-crucial-phase>)

Early this year, when it became clear that the Chevrolet Volt and Nissan Leaf had missed their 2011 sales targets, critics declared the electric-car revolution over. Yet at Detroit’s annual North American International Auto Show in January, plug-in cars abounded. BMW displayed its forthcoming i3 electric city car, along with its i8 plug-in hybrid sports car. Acura unwrapped a hybrid concept version of the NSX supercar. Tesla Motors brought its all-electric Model S sedan. But the most important car on the show floor might have been one that, on the surface, seemed much less exciting: the new Ford Fusion, which will be available in gasoline, hybrid and plug-in hybrid versions.¶ Carmakers long refused to build plug-in cars because they said they had no idea how many people would buy them. Then, rising oil prices and environmental concerns led governments to enact stricter emissions standards and push carmakers to build cars that could meet those standards. In the U.S., the federal government lent several carmakers (not just GM and Chrysler) money to develop electric vehicles and retool factories.

#### Auto industry adaptation now – Gas prices

USA Today 3/20/12 (“Column: High gas prices? Bring 'em on!,” 3/20, http://www.usatoday.com/news/opinion/forum/story/2012-03-20/oil-gas-price-energy-innovation/53673282/1)

Take the auto companies. For years, General Motors resisted doing what everybody knew it needed to do to adapt to global competition and a changing market. Finally, the crushing financial crisis and rising gas prices pushed the hubris-haunted company into Chapter 11. Today, GM can claim record profits and its Volt electric vehicle, though struggling in the U.S., was chosen car of the year in Europe. The whole auto industry, which resisted the suggestion of government-mandated fuel economy standards back in the 1970s, today has demonstrated a new sense of responsibility for more ambitious requirements. Why? Because the automakers can read the writing of the gas prices on the wall.

### AT: Traffic Bad for Economy

#### Traffic doesn’t hurt the economy – people adapt. (It only proves the link – the plan’s transportation investments get cars off the road.)

Dumbaugh, associate professor and interim director of the School of Urban and Regional Planning at Florida Atlantic University, 6/2/2012

(Eric, “Rethinking the Economics of Traffic Congestion,” http://m.theatlanticcities.com/commute/2012/06/defense-congestion/2118/)

With a few notable exceptions, transportation planning practice in the United States is focused on managing or eliminating traffic congestion. Regardless of whether planners are advocating for highway infrastructure to improve level-of-service, or **transit projects intended to** “**get cars off the road**,” the underlying assumption is that congestion relief is an unmitigated good.

Such arguments are often based on the idea that traffic congestion and vehicle delay are bad for the economy. According to the Texas Transportation Institute, vehicle delay costs Americans $115 billion in wasted fuel and time each year. The common interpretation of such statistics is that our cities and regions would be so much more economically productive if only we could eliminate the congestion that occurs on urban streets.

But this begs the question: is traffic congestion really a drag on the economy? Economies are measured not in terms of vehicle delay or the amount of travel that people do, but in terms of the dollar value of the goods and services that they produce. If it is true that congestion is detrimental to a region’s economy, then one would expect that people living in areas with low levels of traffic congestion would be more economically productive, on a per capita basis, than those in areas with high levels of congestion.

This is a testable assertion. With the help of my research assistant Wenhao Li, I sought to determine whether vehicle delay had a negative effect on urban economies. I combined TTI’s data on traffic delay per capita with estimates of regional GDP per capita, acquired from the U.S. Bureau of Economic Analysis. I used 2010 data for both variables, converted them to their natural logs, and modeled them using regression analysis.

And what did I find? **As per capita delay went up**, **so did GDP per capita**. Every 10 percent increase in traffic delay per person was associated with a 3.4 percent increase in per capita GDP. For those interested in statistics, the relationship was significant at the 0.000 level, and the model had an R2 of 0.375. In layman’s terms, this was statistically-meaningful relationship.

Such a finding seems counterintuitive on its surface. How could being stuck in traffic lead people to be more productive? The relationship is almost certainly not causal. Instead, regional GDP and traffic congestion are tied to a common moderating variable - **the presence of a vibrant**, **economically-productive city**. And as city economies grow, so too does the demand for travel. People travel for work and meetings, for shopping and recreation. They produce and demand goods and services, which further increases travel demand. And when the streets become congested and driving inconvenient, people move to more accessible areas, rebuild at higher densities, travel shorter distances, and shift travel modes.

Stated another way, people adapt to congested environments. Because cities provide greater access to job opportunities than do rural areas, as well as wages that are more than 30 percent higher than their non-metropolitan counterparts they have a powerful economic incentive to do so.

# Auto Industry Aff

### High Speed Rail: No Link

#### High Speed rail not competition for auto industry

**Shea**, Writer for Crain’s Detroit Business, October 13 **2009** (Bill, Crain’s Detroit Business, “ High-speed rail isn’t a threat to Detroit 3, U.S. Transportation Chief says” [http://www.crainsdetroit.com/article/20091013/FREE/910139985/high-speed-rail-isn-t-threat-to-detroit-3-u-s-transportation-chief-says#](http://www.crainsdetroit.com/article/20091013/FREE/910139985/high-speed-rail-isn-t-threat-to-detroit-3-u-s-transportation-chief-says)

**Michigan’s participation in a coalition of states pursuing federal dollars for a Midwest high-speed rail system isn’t a threat to the automobile industry, U.S. Secretary of Transportation Ray LaHood said this afternoon**. He also said he will dispatch staffers to meet with Detroit Mayor Dave Bing to discuss cuts to the city’s bus service and how the system can be made more efficient and new money can be found for it. LaHood spoke today at Detroit’s Masonic Temple as a guest of the Detroit Economic Club, offering a generally sunny outlook on the domestic auto industry and Michigan’s economic recovery while also briefly talking about mass transit. “Michigan’s economic picture has begun to brighten a bit,” he told the audience of 225 people. “The pace of job losses has slowed, efforts to stabilize many low-income neighborhoods are under way, and new home-building permits are in the rise in the southeastern part of the state**.” LaHood also referenced the proposed Midwest Regional Rail Initiative, an effort by Michigan and Illinois, Missouri, Ohio, Indiana, Wisconsin, Iowa and Minnesota to develop a high-speed rail network that would include a Detroit-to-Chicago link as one of is primary elements. “(High-speed rail) is another choice for Americans,”** he told the audience of 225 people. **“High speed rail is not competition for cars.”** The states have applied for more than $800 million in federal stimulus money for the project. LaHood said a decision on the request, which is among many for the $8 billion set aside for mass transit, later this year. A expects a national network of high speed rail to decade “a few decades” to develop. LaHood described Gov. Jennifer Granholm as “an extraordinary leader on high speed rail.”

### Auto Industry Down Now

#### Auto Industry down- July proves

**Krisher,** Staffwriter for the Associated Press, 7/21/**2012 (**Tom, Detroit Free Press, “Gloomy News May hurt U.S. car salesmen”, <http://www.freep.com/article/20120721/BUSINESS07/207210330/Gloomy-news-may-hurt-U-S-car-sales>)

**The raft of gloomy economic news may be starting to hurt U.S. auto sales.¶ Industry analysts and dealers said this week that sales during the first half of July slowed** a bit from the robust pace in June. But they still were expected to be better than July of 2011.¶ "It's a bit slower than where we want it to be," said Inder Dosanjh, owner of several General Motors dealerships in the San Francisco-Bay area.¶ **Dealers such as Dosanjh** may be wondering whether car buyers, who have largely ignored sobering economic headlines**, are finally getting discouraged.** **A widely followed reading on consumer confidence has fallen for four straight months.** Federal Reserve Chairman Ben Bernanke acknowledged this week that the economy has weakened.¶ For the first half of 2012, car and truck sales ran at an annual rate of 14.3 million, the best pace in 5 years. Buyers bought everything from compacts to big pickups, making the auto industry a bright spot in the economy. The only hiccup came in May, when sales slipped to a 13.8 million annual rate as the [stock market](http://www.freep.com/article/20120721/BUSINESS07/207210330/Gloomy-news-may-hurt-U-S-car-sales) plunged. Buyers returned in June to drive sales back up to a 14.1-million rate.¶ Jeff Schuster was expecting sales to tail off in the early part of July, partly because promotions leading up to Independence Day may have pulled sales ahead into June. **The senior vice president of** [**forecasting**](http://www.freep.com/article/20120721/BUSINESS07/207210330/Gloomy-news-may-hurt-U-S-car-sales) **at the LMC Automotive consulting firm in Troy predicts July sales likely will come in at an annual rate below 13.8 million**.

#### Europe crisis is spilling over to the American auto industry: non-unique

Rosevear, finance writer for The Motley Fool @ NBC News, 7/28/2012

(John, “The Big Challenge Facing Ford,” http://www.msnbc.msn.com/id/48369289/ns/business-motley\_fool/#.UBTShjFWrew)

To nobody's surprise, the auto industry's struggles in Europe are getting wilder as the deep economic uncertainty continues.

If a huge loss from PSA Peugeot Citroen (NASDAQOTH: PEUGY.PK) and epic boardroom drama at General Motors' German subsidiary weren't enough, now comes a war of words as Fiat (NASDAQOTH: FIATY.PK) (and Chrysler) chief Sergio Marchionne accused Volkswagen (NASDAQOTH: VLKAY.PK) of trying to buy market share while its rivals are struggling.

Could that be true? Maybe: There's no question that a price war has erupted, clobbering all of the automakers' margins as sales continue to fall. At least one analyst has suggested that VW is using profits from China to subsidize losses in Europe.

Meanwhile, everyone is awaiting the next move from the latest automaker to join the "troubled" list in Europe: Ford.

A big new challenge for the Blue Oval

Because so many other automakers have struggled recently, **few observers were surprised when Ford CFO Bob Shanks warned in June that the Blue Oval's losses in Europe were about to widen considerably**. Even fewer raised eyebrows when Ford reported a $404 million quarterly loss in the region this past week.

**The problems in Europe have quickly risen to become one of the biggest challenges on the plate of CEO Alan Mulally and his team**. Sometimes, during an economic downturn, a healthy automaker's best strategy is to ride it out: Trim expenses where possible, but stay on plan and wait for the economy to improve.

**But that won't work this time**: Shanks, expressing a view that is widely shared, said on Wednesday that **Ford views the problems as** "**more** structural **than cyclical in nature**" – in other words, the auto industry's challenges in Europe go much deeper than the present economic mess, and won't be fixed by a healthier economy.

# HSR Neg: Freight Rail DA Updates

### Key to the Economy

**Freight railroads are key to U.S. economy**

**AAR,** Association of American Railroads, **June 2012**(June 2012, The Economic Impact

of America’s Freight Railroads, http://www.aar.org/~/media/aar/Background-Papers/The-Economic-Impact-of-Freight.ashx)

Freight Railroads Mean More Jobs and a Stronger Economy ¶ By linking businesses to each other here and abroad, freight railroads have played a ¶ crucial role in America’s economic development for 180 years. Today, freight railroads serve ¶ nearly every industrial, wholesale, retail, and resource-based sector of our economy They remain ¶ critical to our economy today: ¶  The more than 175,000 freight railroad employees are among America’s most highly ¶ compensated workers. In 2010, the average freight railroad employee earned wages of ¶ $73,000 and fringe benefits of $30,120, for total average compensation of $103,120. By ¶ contrast, the average wage per full-time employee in the United States in 2010 was ¶ $53,000 (just 73 percent of the comparable rail figure) and average total compensation ¶ was $66,000 (just 64 percent of the rail figure). ¶  According to a U.S. Department of Commerce model of the U.S. economy, in addition to ¶ their own employees freight railroads sustain more than 1 million additional jobs at ¶ firms that provide goods and services to railroads or that are recipients of spending by the ¶ employees of railroads and their suppliers. The model indicates that every job in day-today freight rail operations sustains another 4.5 jobs elsewhere in the economy. ¶  Millions of other Americans work in industries that are more competitive in the global ¶ economy thanks to the affordability and productivity of America’s freight railroads. ¶  Rail industry employees are covered by the Railroad Retirement System, which is funded ¶ by railroads and their employees. In fiscal year 2010, approximately 580,000 beneficiaries received some $10.8 billion in benefits from the Railroad Retirement System. ¶  Railroads account for approximately one third of all U.S. exports.

#### Key to long term growth

**RITA,** Research and Innovation Technology Administration, **12**(2012, “Detailed Justification for the Freight Statistics Program”, http://www.rita.dot.gov/publications/budget\_estimates/fy2012/html/detailed\_justification\_for\_freight\_statistics.html)

Except for temporary setbacks during the recent economic downturn, freight transportation continues a long-term growth, supporting economic activity throughout the US and providing the means for American exports to reach foreign markets.

Freight transportation is an increasingly significant contributor to congestion, safety exposure, infrastructure performance, and greenhouse gas and other emissions, and local congestion is creating disruptions and added costs for a growing amount of interstate and international commerce.

The USDOT Strategic Plan identifies the need for better information on freight flows to enhance the nation's ability to make optimal transportation investment decisions.

The Commodity Flow Survey (CFS) is the only source for national truck shipments and national truck hazardous materials shipment data.

The International Freight Data System (IFDS) partnership of USDOT agencies supports a requirement of Section 405 of the SAFE Port Act of 2006.

BTS works with USDOT agencies with regulatory authority over hazardous materials transport in the CFS effort to ensure the CFS effectively addresses emerging issues in this area.

**Freight is key to the U.S. economy. Multiple warrants**.

**AAR** Association of American Railroads **May 2012**(May 2012, “Freight Railroads in United States”, <http://www.aar.org/Railroads-States/US-Summary-2010.pdf>, PDF file)

Nationwide, each freight rail job supports 4.5 jobs elsewhere in the economy. Each ¶ $1 billion in new rail investment creates more than 17,000 jobs.¶ In 2011, America’s railroads moved a ton of freight an average of 469 miles on one ¶ gallon of fuel. That’s like going from Washington, DC, to Boston. On average, ¶ railroads are four times more fuel efficient than trucks. Moving freight by rail instead of ¶ truck reduces greenhouse gas emissions by 75 percent. One train can carry as much freight as several hundred trucks. That means railroads ¶ reduce highway gridlock, the costs of maintaining existing highways, and the pressure ¶ to build costly new highways

### Freight Up Now

**Freight transportation strong now**

**BTS,** Bureau of Transportation Statistics,  **7/11/12** ( “Freight Shipments Unchanged in May from April”, 7/11/12, http://www.bts.gov/press\_releases/2012/bts033\_12/html/bts033\_12.html)

Trend: Freight shipments in May 2012 (109.6) were at the fifth highest monthly level since the early recession month of July 2008 despite the 3.8 percent decline from its peak in December 2011 (114.0), which was the highest level in the 22-year history of the Freight TSI series. After dipping to a recent low in April 2009 (94.3) during the recession, freight shipments increased in 24 of the last 37 months, rising 16.3 percent during that period (Tables 2, 2A). For additional historical data, go to http://www.bts.gov/xml/tsi/src/index.xml.¶ Index highs and lows: Freight shipments in May 2012 (109.6) rose 16.3 percent from the recent low in April 2009 during the recession (94.3). In April 2009, freight shipments were at their lowest level since June 1997 (92.3). The May 2012 level is down 3.8 percent from the historic freight shipment peak reached in December 2011 (114.0).¶ Long-term trend: Freight shipments are up 1.0 percent in the five years from the pre-recession level of May 2007 and up 8.9 percent in the 10 years from May 2002 despite declines in recent years (Table 5).¶ Same month of previous year: May 2012 freight shipments rose 4.3 percent from May 2011 and 16.0 percent from May 2009, during the recession, but remain below the level in May 2008 (110.2) prior to the recession (Tables 4, 5).¶ The TSI is a seasonally adjusted index that measures changes from the monthly average of the base year of 2000. It includes historic data from 1990 to the present. Release of the June index is scheduled for Aug. 8.